

Road Jurisdiction and Funding Bill Senate File 451

Last Action:
House Appropriations
Committee
April 24, 2003

Executive Summary Only

AN ACT providing for the jurisdiction and funding of roads by transferring funding for and jurisdiction of certain primary and farm-to-market roads, modifying the procedure for classification of area service “C” roads, and establishing a street construction fund distribution advisory committee, and making appropriations.



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LEGISLATIVE FISCAL BUREAU
NOTES ON BILLS AND AMENDMENTS (NOBA)

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**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**SENATE FILE 451
ROAD JURISDICTION AND FUNDING BILL**

**TRANSFER OF LOCAL SERVICE
ROADS**

**TRANSFER OF ROAD
JURISDICTIONS AND FUNDING**

- Effective FY 2004, the jurisdiction and control of approximately 700 miles of primary (State) roads would be transferred to cities and counties. Only primary roads that are classified as Local Service Roads will be transferred.
- From FY 2004 to FY 2013, 1.75% (approximately \$7.6 million) of Primary Road Fund moneys will be transferred annually to a Transfer of Jurisdiction Fund created under the Bill. The allocation would be distributed as follows:
 - 75.0% (approximately \$5.7 million) to counties and cities that assume jurisdiction of primary roads. All funds, including interest or other earnings on the funds, received by a county from the Transfer of Jurisdiction Fund, will be deposited into the Secondary Road Fund of the county to be used only for the maintenance and construction of roads under the county's jurisdiction. All funds received by a city from the Transfer of Jurisdiction Fund will be used only for the maintenance and construction of roads under the city's jurisdiction.
 - 22.5% (approximately \$1.7 million) to the Secondary Road Fund of all counties.
 - 2.5% (approximately \$200,000) to the Street Construction (Municipal Road) Fund of all cities.
- In FY 2014 and beyond, the Transfer of Jurisdiction Fund will be eliminated, and the 1.75% (approximately \$7.6 million) of Primary Road Fund moneys will be distributed to all cities and counties as follows:
 - 1.575% (approximately \$6.8 million) to the Secondary Road Fund.
 - 0.175% (approximately \$760,000) to the Street Construction Fund.
- In FY 2005, jurisdiction and control of approximately 360 miles of farm-to-market road extensions in cities with a population of less than 500 would be transferred to the respective counties. If the city exceeds a population of 750, jurisdiction over such extensions would be transferred back to the applicable city, along with funds to maintain the extensions.
- Effective FY 2005, a portion of the Street Construction Fund from cities that transferred jurisdiction of farm-to-market extensions to counties (approximately \$2.0 million) would be transferred to the respective counties. The counties will use that money only for the maintenance or construction of roads under the county's jurisdiction. All interest and earnings on the moneys transferred will remain in the Secondary Road Fund of the county, to be used for the same purpose.
- Prior to FY 2014, the Department of Transportation's annual recalculation of construction and maintenance needs of roads under county jurisdiction would not include the roads transferred under the proposed law.

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**SENATE FILE 451
ROAD JURISDICTION AND FUNDING BILL**

**TRANSFER OF JURISDICTION
REPORT**

**STREET CONSTRUCTION FUND
ADVISORY COMMITTEE**

**SERVICE “C” ROAD
CLASSIFICATION**

OWNERSHIP OF ROADS

ROAD USE TAX FUND

ROAD AND MONEY TRANSFERS

FISCAL IMPACT

- The Department will keep a Transfer of Jurisdiction report that includes the descriptions of primary roads that will transfer to local governments under the proposed legislation.
- The Bill establishes a Street Construction Fund Advisory Committee to study the distribution of the Street Construction Fund. The Committee will report the outcome to the General Assembly by January 1, 2004.
- The Bill allows a county to initiate an area service “C” road classification without the requirement that all adjoining landowners sign a petition.
- Ownership of primary roads, secondary roads, farm-to-market roads, and city streets will not change, except that counties will maintain jurisdiction and control over the farm-to-market road extensions that are currently under the jurisdiction and control of cities with a population of less than 500.
- The current Road Use Tax Fund distribution formula will remain unchanged.
- The one-time transfers would not be subject to current terms and conditions required for other transfers of road jurisdictions. The funding provisions of the Bill are intended to address the funds necessary to bring the road into a state of good repair. All future transfers will be subject to mutual agreement and the requirement to place the road into a state of good repair or transfer of moneys for sufficient repair.
- The fiscal impact of SF 451 is revenue neutral to the State, cities, and counties transferring jurisdiction and control of primary and secondary roads and city streets, and transferring funds with those roads. The attached table shows allocations the State, cities, and counties would receive under SF 451. Amounts are based on estimated FY 2003 allocations.

Transfer of Jurisdictions
Road Use Tax Fund Appropriations to State, Cities, and Counties

(Dollars in Millions)

Appropriations	Current Law Est. FY 2003	Proposed Law	
		FY 2004 to FY 2013	FY 2014 & Beyond
Primary Road Fund			
State Appropriation	\$ 434.4	\$ 434.4	\$ 434.4
– 1.75% of Primary Road Fund Appropriation to Transfer of Jurisdiction Fund	0.0	-7.6	0.0
– 1.75% of Primary Road Fund Appropriation to all Cities & Counties	0.0	0.0	-7.6
Secondary Road Fund			
– Counties that assume jurisdiction of Primary Roads (FY 2004 to FY 2013)	0.0	5.1	0.0
– Counties that assume jurisdiction of Farm-to-Market Road Extensions (FY 2005 and Beyond)	0.0	2.0	2.0
– All Counties	224.1	225.8	230.9
Farm-to-Market Road Fund	73.2	73.2	73.2
Street Construction Fund			
– Cities that assume jurisdiction of Primary Roads (FY 2004 to FY 2013)	0.0	0.6	0.0
– Cities that transfer jurisdiction of Farm-to-Market Road Extensions* (FY 2005 and Beyond)	0.0	-2.0	-2.0
– All Cities	182.9	183.1	183.7
Total Road Use Tax Fund Appropriations	<u>\$ 914.6</u>	<u>\$ 914.6</u>	<u>\$ 914.6</u>

* Includes road extensions in cities with a population of under 500. If the city exceeds a population of 750, jurisdiction over such extensions would be transferred back to the applicable city, along with funds to maintain the extensions.

Source: Department of Transportation